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AMENDED IN SENATE JUNE 22, 2010
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CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 41

Introduced by Assembly Member Solorio
(Coauthors: Assembly Members Coto, Jones, Salas, and Saldaña)

December 1, 2008

An act to amend Section 926.2 of, and to add Section 926.3 to, the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 41, as amended, Solorio. Insurance: community development investments.

Existing law requires each admitted insurer to provide information biennially to the Insurance Commissioner on all of its community development investments and community development infrastructure investments, as defined, in California. The commissioner and the Department of Insurance are required to provide certain information on these investments to the public, as specified. These provisions are to remain in effect only until January 1, 2011, and are repealed as of that date.

This bill would instead require each admitted insurer to provide information, by January 1, 2014, to the commissioner on all of its community development investments and community development infrastructure investments. The bill would also require that the information the commissioner and the department are required to provide to the public on these investments be provided by May 31, 2014.

This bill would extend the date for repealing those provisions to January 1, 2015, and would state that certain insurers could meet the filing requirements relating to community development investments and community development infrastructure investments through a specified filing.

This bill would also require certain insurers to develop and file with the commissioner, no later than July 1, 2011, a community development investment and community development infrastructure investment policy statement that expresses the insurer's goals for these investments during the current and following calendar year. Thereafter, each insurer would be required to biennially review its policy statement, and if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year. The bill would require the commissioner to establish a link on the department's Internet Web site providing public access to each insurer's community development investment and community development infrastructure investment information, as specified.

This bill would delete obsolete provisions.

The bill would incorporate additional changes to Section 926.2 of the Insurance Code, proposed by AB 1011 of the 2009–10 Regular Session, to be operative only if both bills are chaptered and become effective on or before January 1, 2011, and this bill is chaptered last.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 1996, California policymakers and insurance companies
- 4 instituted efforts to encourage investments by insurance companies
- 5 in urban and economically disadvantaged areas through the
- 6 establishment of the California Organized Investment Network
- 7 (COIN).

1 (b) COIN is the first-in-the-nation collaborative effort among
2 insurance companies, the California Department of Insurance, and
3 other stakeholders involved with community development
4 investments in traditionally underserved communities. The mission
5 of COIN is to provide leadership in increasing the level of
6 insurance industry capital in safe and sound investments providing
7 fair returns to investors and social benefits to underserved
8 communities.

9 (c) In 2006, the Legislature and the Governor approved
10 Assembly Bill 925 (Ridley-Thomas) which requires insurers to
11 biennially report their California community development
12 investments to the Department of Insurance (DOI). That legislation
13 also requires COIN to provide insurers with information on why
14 any investments were found not to be qualified by the Insurance
15 Commissioner (commissioner).

16 (d) The commissioner is required to biennially provide
17 information on the DOI's Internet Web site on the aggregate
18 community development investments made by insurers. The
19 commissioner is required to identify the insurers that make
20 investments that are innovative, responsive to community needs,
21 not routinely provided by insurers, or have a high degree of positive
22 impact on the economic welfare of low- or moderate-income
23 individuals, families, or communities in urban or rural California.

24 (e) California admitted insurers invest an estimated three trillion
25 dollars in various investments. Of this sum, an estimated eight
26 billion dollars have been invested in community development
27 efforts during the period 1997 to 2004, inclusive.

28 (f) In the business sector, as in government, the adoption of a
29 policy by the governing board generates momentum in the
30 organization to strive to achieve the policy. This is especially true
31 when the policy is combined with a goal and identifies the persons
32 responsible for achieving the goal.

33 (g) A 2007 survey by the DOI found that 54 of 485 responding
34 insurers have adopted a policy regarding community development
35 investments. Of these insurers, three reported that they have
36 adopted comprehensive community development investment
37 policies and eight insurers have set specific goals for community
38 development investments. These insurers have significantly
39 increased their community development investments.

1 (h) In light of the minor progress made to date without the
2 adoption of a company policy, and in recognition that insurers that
3 adopted a policy have made significant progress in increasing the
4 amount of community development investments, it is the purpose
5 of this act to encourage insurers to significantly increase the
6 number and amount of their community development investments
7 by requiring the adoption of a company policy.

8 SEC. 2. Section 926.2 of the Insurance Code is amended to
9 read:

10 926.2. (a) (1) Each insurer admitted in California shall provide
11 information, by January 1, 2014, to the commissioner on all of its
12 community development investments and community development
13 infrastructure investments in California. This information shall be
14 provided as part of the required filing pursuant to Section 900 or
15 Section 11131, or through a data call, or by other means as
16 determined by the commissioner. COIN shall provide insurers
17 with information on why investments, if any, were found not to
18 be qualified by the commissioner.

19 (2) Nothing in this subdivision shall preclude an insurer that is
20 a member of an insurance holding company system as defined in
21 Article 4.7 (commencing with Section 1215) of Chapter 2, from
22 complying with paragraph (1) through a single filing on behalf of
23 the entire group of affiliated companies, provided that the data so
24 filed accurately reflects the investments made by each of the
25 affiliates, and accurately attributes, by National Association of
26 Insurance Commissioners (NAIC) number or other identifier
27 required by the commissioner, which of the investments were made
28 by each affiliated company.

29 (3) Nothing in this subdivision shall preclude an insurer from
30 satisfying the requirements of paragraph (1) through a filing made
31 by a community development financial institution, provided all of
32 the following conditions are met:

33 (A) The insurer has no less than a 10 percent ownership interest
34 in a COIN-certified community development financial institution.

35 (B) The insurer makes community development investments
36 and community development infrastructure investments in and
37 through the community development financial institution.

38 (C) The community development financial institution accurately
39 files the information required by paragraph (1) with the
40 commissioner on behalf of the insurer and accurately attributes,

1 by NAIC number or other identifier required by the commissioner,
2 which investments, including the dollar amounts of the investments,
3 were made by each insurer on whose behalf the community
4 development financial institution is reporting.

5 (b) The commissioner shall, by May 31, 2014, provide
6 information on the department's Internet Web site on the aggregate
7 insurer community development investments and community
8 development infrastructure investments. Insurers that make
9 investments that are innovative, responsive to community needs,
10 not routinely provided by insurers, or have a high degree of positive
11 impact on the economic welfare of low- or moderate-income
12 individuals, families, or communities in urban or rural California
13 shall be identified.

14 (c) The department shall also, by May 31, 2014, provide
15 information on the department's Internet Web site regarding the
16 aggregate amount of California public debt (including all debt
17 issued by the State of California or a California state or local
18 government agency) purchased by insurers as reported to the
19 department in their NAIC annual statement filing pursuant to
20 Section 900 or Section 11131.

21 (d) The department shall also, by May 31, 2014, provide on its
22 Internet Web site the aggregate amount of identified California
23 investments, as reported to the NAIC in the annual statement filed
24 pursuant to Section 900 or Section 11131.

25 (e) This article shall remain in effect only until January 1, 2015,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2015, deletes or extends that date.

28 *SEC. 2.5. Section 926.2 of the Insurance Code is amended to*
29 *read:*

30 926.2. (a) (1) Each insurer admitted in California shall provide
31 ~~information biennially~~ information, by January 1, 2014, to the
32 commissioner on all ~~its Community Development Investments~~
33 ~~and Community Development Infrastructure Investments of its~~
34 ~~community development investments and community development~~
35 ~~infrastructure investments~~ in California. This information shall be
36 provided as part of the required filing pursuant to Section 900 or
37 Section 11131, or through a data call, or by other means as
38 determined by the commissioner. COIN shall provide insurers
39 with information on why investments, if any, were found not to
40 be qualified by the commissioner.

(2) *Nothing in this subdivision shall preclude an insurer that is a member of an insurance holding company system as defined in Article 4.7 (commencing with Section 1215) of Chapter 2, from complying with paragraph (1) through a single filing on behalf of the entire group of affiliated companies, provided that the data so filed accurately reflects the investments made by each of the affiliates, and accurately attributes, by National Association of Insurance Commissioners (NAIC) number or other identifier required by the commissioner, which of the investments were made by each affiliated company.*

(3) *Nothing in this subdivision shall preclude an insurer from satisfying the requirements of paragraph (1) through a filing made by a community development financial institution, provided all of the following conditions are met:*

(A) *The insurer has no less than a 10 percent ownership interest in a COIN-certified community development financial institution.*

(B) *The insurer makes community development investments and community development infrastructure investments in and through the community development financial institution.*

(C) *The community development financial institution accurately files the information required by paragraph (1) with the commissioner on behalf of the insurer and accurately attributes, by NAIC number or other identifier required by the commissioner, which investments, including the dollar amounts of the investments, were made by each insurer on whose behalf the community development financial institution is reporting.*

(b) ~~The commissioner shall biennially~~ *shall, by May 31, 2014, provide information on the department's Internet Web site on the aggregate insurer—Community Development Investments and Community Development Infrastructure Investments community development investments and community development infrastructure investments. Insurers that make investments that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-income low- or moderate-income individuals, families, or communities in urban or rural California shall be identified.*

(c) ~~The department shall also biennially~~ *also, by May 31, 2014, provide information on the department's Internet Web site regarding the aggregate amount of California public debt (including*

1 all debt issued by the State of California or a California ~~State~~ *state*
2 or local government agency) purchased by insurers as reported to
3 the department in their ~~National Association of Insurance~~
4 ~~Commissioners (NAIC)~~ *NAIC* annual statement filing pursuant to
5 Section 900 or Section 11131.

6 (d) The department shall ~~also biennially~~ *also, by May 31, 2014,*
7 provide on its Internet Web site the aggregate amount of identified
8 California investments, as reported to the NAIC in the annual
9 statement filed pursuant to Section 900 or Section 11131.

10 (e) ~~The first report under this article shall be filed with the~~
11 ~~commissioner by May 31, 2007.~~

12 (f) ~~Insurers that did not comply with the voluntary community~~
13 ~~investment data call issued by the commissioner in May 2005 shall~~
14 ~~provide the information requested therein to the commissioner on~~
15 ~~or before February 28, 2007.~~

16 (e) *The department shall also biennially provide information*
17 *on its Internet Web site regarding the aggregate amount of*
18 *identified California insurer investments in green investments.*

19 (g)

20 (f) This article shall remain in effect only until January 1, ~~2011,~~
21 ~~2015~~, and as of that date is repealed, unless a later enacted statute,
22 that is enacted before January 1, ~~2011,~~ ~~2015~~, deletes or extends
23 that date.

24 (h) ~~Nothing in this article shall limit the authority of the~~
25 ~~commissioner to ask for data concerning community development~~
26 ~~investments on a voluntary basis on or after January 1, 2010, if~~
27 ~~this article is not extended.~~

28 SEC. 3. Section 926.3 is added to the Insurance Code, to read:

29 926.3. (a) It is the policy of the State of California that (1)
30 insurers should, where practicable, be supportive of community
31 development investments and community development
32 infrastructure investments, and insurers should be encouraged to
33 invest in prudent community development investments and
34 community development infrastructure investments that benefit
35 California and California's low- and moderate-income
36 communities; (2) every admitted insurer that writes a substantial
37 amount of insurance in the state should consider community
38 development investments and community development
39 infrastructure investments; and (3) the California Organized
40 Investment Network is a part of the department, and has the

1 responsibility to pursue active measures to encourage community
2 development investing by admitted insurers.

3 (b) Each insurer admitted in California that writes premium in
4 California equal to or in excess of one hundred million dollars
5 (\$100,000,000) annually shall develop, and file with the
6 commissioner no later than July 1, 2011, a policy statement on
7 community development investments and community development
8 infrastructure investments that expresses the insurer's goals for
9 these investments during the current and following calendar year.
10 Thereafter, each insurer subject to this subdivision shall biennially
11 review its policy statement on community development investments
12 and community development infrastructure investments and, if the
13 insurer revises or changes its policy statement, submit the new
14 policy statement to the commissioner no later than July 1 of each
15 odd-numbered year. The initial policy statement filed with the
16 commissioner shall satisfy the requirement of this subdivision if
17 the insurer's policy statement has not changed. These filings shall
18 be public information. For purposes of this subdivision, "policy
19 statement" means a statement of principle intended to influence a
20 decision or action. The policy statement may include general goals
21 or specific investment goals, but is not required to contain specific
22 investment goals or thresholds.

23 (c) The commissioner shall establish a link on the department's
24 Internet Web site that provides to the public access to the contents
25 of each ~~insurer~~ insurer's policy statement and the data on
26 community development investments and community development
27 infrastructure investments provided by each insurer pursuant to
28 subdivision (b).

29 SEC. 4. Nothing in Article 10.1 (commencing with Section
30 926.1) of Chapter 1 of Part 2 of Division 1 of the Insurance Code
31 shall limit the authority of the Insurance Commissioner to ask for
32 data concerning community development investments and
33 community development infrastructure investments on a voluntary
34 basis on or after January 1, 2015, if that article is not extended
35 beyond that date.

36 SEC. 5. *Section 2.5 of this bill incorporates amendments to*
37 *Section 926.2 of the Insurance Code proposed by both this bill*
38 *and AB 1011. It shall only become operative if (1) both bills are*
39 *enacted and become effective on or before January 1, 2011, (2)*
40 *each bill amends Section 926.2 of the Insurance Code, and (3) this*

- 1 *bill is enacted after AB 1011, in which case Section 2 of this bill*
- 2 *shall not become operative.*

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